



ARMY ACQUISITION REFORM



BOLD PLAN

On 22 November 1995, LTG Hite and a team from the Acquisition Reform (AR) Office updated the Chief of Staff on current initiatives and the focus of future efforts. Savings stemming from AR are intended to help expedite modernization efforts. An AR Task Force, headed by Col (P) Gatanas is developing an Implementation Plan. A General Officer/SES Steering Group led by Dr. Oscar will guide the effort. Col Jeska is the head of the AR office and can be reached at 697-2543.

Operations and Support Cost Reductions (OSCR)

Larry Holcolmb, Acting PEO Aviation, just announced a joint Army, Navy, Air Force, Coast Guard ECP to replace pitch control rod bearings on H-60's that will provide a savings of over \$100 million over 20 years with a 6 year break even point.

Single Process Facility

George Williams, PEO Tactical Missiles, is piloting an effort at Raytheon to review 32 different processes. Many old contracts from various Army, Navy, Air Force, and NASA contracting offices require different specifications for the same process i.e.; soldering, calibration requirements, Government property accountability or cost performance reports. George is bringing PMs and requirement personnel together from the Services, and in conjunction with the DPRO and DCAA, the team is selecting common processes. Potential savings of over \$8million per year will be realized. Based on early indications of success at Raytheon, Westinghouse, McDonnell Douglas, Texas Instruments and United Defense are signing up.

Performance Specification Successes

Water Ration Heater SSCOM

Before/After
\$1,100 / \$370

HMMWV Tire TACOM

Saved \$1.1M/2 Year
Contract

Eyesafe Laser TACOM

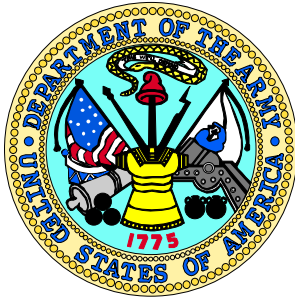
30% Price Reduction

PLGR-GPS CECOM

Unit Price Before / After
\$1500 / \$954

Singars Radio CECOM

Award to Dual Sources
\$10's M Savings



ARMY ACQUISITION REFORM



Issue 2

8 December 1995

Performance Specification Successes

Containerized Latrine

SSCOM

Saved \$600K

SADARM

TACOM

\$3M Cost Avoidance

DEUCE

TACOM

Saved \$1.4M

JAVELIN

MICOM

Saved \$1.5M

ATLAS

TACOM

50% Reduction in Unit Cost

Oral Communications During Source Selection

CECOM and SDC have reported reductions in time and labor by using oral rather than written proposals. Contractors also report less bid and proposal costs. TACOM has been successfully using oral discussions with offerors after receipt of written proposals and government question development. Significant time reductions in source selection by discussing questions, rather than writing questions and answers back and forth.

O & S Cost Reduction

Army GOSC has just agreed to target 15% of Small Business Innovative Research (SBIR) contracts for those which will reduce operations and support costs.

Credit Cards

FORSCOM saves \$24M through use of credit cards with a reduction in fraud and increase in customer satisfaction. Army card use grew 300% in FY 95 and remains largest user of credit cards in Federal Government. Work in progress to increase the purchase threshold to \$25K.



ARMY ACQUISITION REFORM



Issue 3

15 December 1995

AMC Reduces ALT/PALT

Army Materiel Command (AMC) exceeds DoD goal of 25% reduction of Administrative Lead Time (ALT) and Production Lead Time (PALT) for secondary items.

ALT is the time from requirement to contract award and PALT is the time from contract award to delivery. As of June 1995 AMC has reduced ALT 29% and PALT 38%.

PEO-ASM Saves \$20 M

The unit cost of the ABRAMS tank commander's independent thermal viewer was reduced from \$300,000 to \$225,000 by:

- Breakout
- Multi-year Contract
- Partnering Agreement
- Certificate of Conformance
- EDI
- Performance Spec's
- TDP Cost Reduction
- Contractor Configuration Control
- Reduced Gov't Oversight
- 18 Month Failure-free Provision

Prime Vendor Program

USAMEDCOM at Ft Sam Houston expanded program to Direct Health Care providers and dental supplies. This resulted in lead time reductions from 150 to 40 days, delivery reductions to 1 day for urgent and 5 days for routine and dramatic inventory reductions.

Performance Spec Saving

TACOM, working with big-3 and Society of Automotive Engineers developed SAE F512 for Tube Fittings replacing military Spec's. The unit price dropped 37%, 68% and 50% for three different parts.

Missile Acq Reform Savings

Javelin	\$ 1.4 Billion
Longbow	\$ 863 Million
ATACMS/BAT	\$946 Million

Army Credit Cards

- 300% Growth in FY 95
- 1 million transactions
- Over 400 million dollars
- Largest program in Government
- Many self service supply centers closed
- Level of fraud reduced
- FORSCOM biggest user, more work with less people, \$27 million in savings



ARMY ACQUISITION REFORM



Issue 4

22 December 1995

US Army Contracting in Bosnia

With great support and funding from DUSD(AR), contracting personnel in Bosnia will be able to transmit RFQs, receive responses and award contracts directly with commercial firms in US through special interface with FACNET including by International Maritime Satellite when land lines are down.

Alternative Dispute Resolution (ADR)

AMC's innovative ADR process was selected as one of 10 best new procedures in government by the Office of Federal Procurement Policy. Over 400 protests were resolved in an average of 15 days vs over 60 days for GAO.

-- \$5M in savings --

Performance Specifications

CECOM has used intelligence based computer systems to convert to performance specifications on SATCOM spares. Over \$10 million of requirements awarded. ALT/PLT reduced from 24 months to 12 months. Savings of over \$3.8M in the last two years.

Metrics

Mrs. Colleen Preston, DUSA(AR), approved the collection, DOD wide of 11 key strategic level metrics to measure the effectiveness of acquisition reform. The metrics were recommended by Army led, DOD Tiger Team. Collection will start immediately on a quarterly basis.

Waiver Authority

In response to an Army request, Ms. Eleanor Spector, Director of Defense Procurement, delegated to the services the authority to approve (with some limitations) class deviations to the FAR and the DFARS, an authority previously provided only to DoD Reinvention Laboratory.



ARMY ACQUISITION REFORM



Issue 5

5 January 1996

M9 ACE Saves \$4.3M in Production Costs

Current production contract is for 121 vehicles for U.S. Marine Corps and Army National Guard. TACOM worked with customers and the contractor, UDLP, to streamline the scope to eliminate unnecessary deliverables, inspection, acceptance testing, and a non-cost effective warranty. TACOM reduced the scope of the Government first article testing and eliminated comparison production test. The winch was broken out to enhance competition. These savings allowed financing of fielding expenses and vehicle upgrades.

COE Partnering Program

In 1991, the Army Corps of Engineers (COE) started a partnering program, outside the contract, with industry for construction contracts over \$100K which lowered costs, reduced changes, reduced construction time, and reduced adversarial relationships with its contractors. The Kansas City District reported its program for 10 contracts:

- Lowered cost growth by 39%
- Reduced time growth by 56%
- Reduced mods by 29%

ALPHA Contracting at MICOM

The MICOM Acquisition Center recently teamed with DCAA, DLA and Texas Instruments to expedite award of a spares buy for the Avenger Laser Range Finder System. Using **ALPHA** contracting techniques, which entails evaluation, discussion, and negotiation of proposal elements concurrent with the development of the proposal, the normal 90 day evaluation and negotiation period was reduced to less than 10 days and the award processing time from 30 to 23 days.

Another Modernization Mechanism

DOD FAR Supplement (DFARS) Subpart 217.70 and 40 USC 481(c) provide a little known/used authority to trade-in non-excess, used, obsolete, unservicable equipment on the purchase of similar items. The rules are found in DFARS and Chapter 6, DOD Regulation 4140.1-R. Creative uses of this authority include a system contractor taking in old equipment for foreign or other sales while giving us a discount on the latest models.



ARMY ACQUISITION REFORM



Issue 6

17 January 1996

Credit Card Goal Established

The Army Chief of Staff, General Reimer, sent a memorandum to each MACOM establishing a goal that at least 80% of all contract actions under \$2,500 be made by credit cards. The memo also encourages the use of credit cards for payment of bills up to the limit of \$100,000, and calls for us to take further action to expand the credit card limits for even greater use.

FSCATT Saves 34%

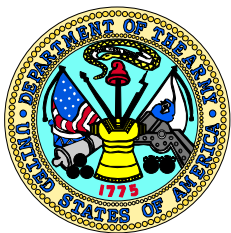
An initial study to determine cost savings to the contractor for Fire Support Combined Arms Tactical Trainer (FSCATT) Phase I found a 34% savings for the Engineering and Manufacturing Phase by executing the program as a Defense Acquisition Pilot Program (DAPP) versus a traditional, non-streamlined program. The estimated cost savings for production is 7% and the total program cost savings is 13%.

CECOM OMNIBUS Contracting

CECOM's OMNIBUS contracting initiative for providing service support has achieved significant pre-award savings of time and resources by combining requirements, thereby reducing the number of acquisitions from 125 to 22. Post-award savings also arise from the reduced burden of contract administration. Opportunities for small business participation have been enhanced, currently about 30%.

Roadshow V Starts Soon

The Total Army Road Show V kicks off the first of thirteen sessions planned for 1996, at MICOM on 5 March. Roadshow V is the latest round in a series of workshops dedicated to reforming and continuously improving the Army acquisition process from cradle to grave. Workshops are planned at numerous sites such as MEDCOM, COE, AMC and TRADOC, and will focus on the use of integrated product teams and total process management. Attendees will also have the opportunity to participate in special electives such as modeling and simulations; market research, streamlining requests for proposals; FACNET implementation and others.



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Issue 7

25 January 1996

ASARC Streamlining eliminates over 90% of required documents

The ASARC process used to oversee systems development has been revised significantly. A new group (the ASARC Coordination Team or ACT) is empowered to resolve issues and make decisions about ASARC programs. Formal ASARCs are only called to decide matters that the ACT cannot resolve. A 3-Star panel is briefed on actions taken by the team, with the Acquisition Decision Memorandum written on the basis of this briefing. The new process has reduced paperwork from 114 documents to the 9 required by law and has been used with 3 systems so far. A “cookbook” which describes the new process will be available later this year.

Common Process Breakthrough

DRs. Perry and Kaminski have signed a memo encouraging the use of common business and technical processes for all defense programs underway at a contractor's plant. The memo allows block contract changes to facilitate the new environment. The initiative promises significant cost reductions. Ten plants have been identified by the Army so far with plans to involve each of our top 30 contractors.

More News about Prime Vendor

Bulletin #3 contained information on USAMEDCOM's use of the Prime Vendor Program to provide direct health care and dental supplies. MEDCOM has also adapted the program to provide pharmaceuticals. This allowed a \$38 million reduction in related inventory, freeing up warehouse space (valued at \$93,000) for other uses. Associated labor costs have gone down by 83 Full Time Equivalents (FTE).

Commercial Application saves more than \$50,000

TACOM will adopt a commercial application for replacement of bulbs on Army trucks. The practice involves use of Light Emitting Diode (LED) bulb to replace the current incandescent bulb. Instead of replacing a bulb every 1,000 hours, bulbs will be replaced every 100,000 hours, providing a reduction in operations and support costs. TACOM used its Rapid Prototyping Team, consisting of TEAM OSCAR and VSE Corp. to produce the first model of a sealed tail light using the LED bulb. The development effort cost only \$3,000 compared to \$60,000 estimated by an outside contractor.



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Issue 8

1 February 1996

\$880 Million saved

The SADARM PM estimates program life cycle savings for the P3I at \$880 million, achieved by streamlining the solicitation; reducing the list of required data items; expanding the use of modeling and simulation; employing a multiyear procurement; and using commercial electronics instead of MILSPEC items.

COE Saving Dollars and Time

Using performance based contracting techniques, the COE was able to perform environmental cleanup 300% faster, while saving 30% over the cost of an earlier EPA contract for the Raymark facility project. Building demolition and cleanup for the project took less time and dollars to complete.

Procurement Made Easier/Faster by FACNET

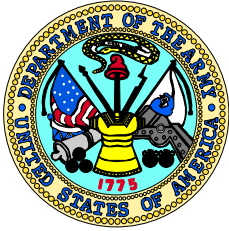
Did you know that there is **no** requirement to synopsise in the Commerce Business Daily if you are using FACNET? Did you know that FACNET can be used for any procurement, including those above the simplified acquisition threshold? FAR 4.502(c) says "Contracting Officers may use FACNET for any contract action governed by the FAR unless specifically exempted." See FAC 90-29.

PACER Slashes Cycle Time

Under CECOM's PACER Program, an integrated process team is formed and dedicated to the award of a single acquisition. "PACER" refers to the time it takes to make an award and is implemented by intensive use of manpower, high-level waivers of pre-award approvals and/or concurrent processing of documentation and reviews. So far four acquisitions have been awarded using PACER, all within a cycle time of 100 days.

PALADIN Saves \$35 Million

The PALADIN Program estimates that savings of over \$35 million were realized by combining contract definition with engineering and manufacturing development and introducing competition for components. Furthermore, the use of a multiyear contract has reduced the time required for production from six years to four. The cumulative effect of these improvements will result in a program life cycle cost avoidance of \$125 million.



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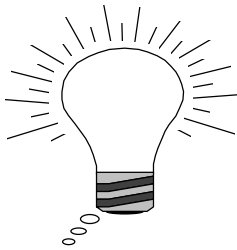


Issue 9

8 February 1996

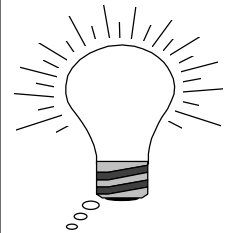
POTENTIAL \$517M REINVESTMENT

Streamlining the M1A2 Tank Upgrade Program and using multi-year procurement has reduced component costs and production time from 11 years to 10. Potential savings of \$517M over the program life will be used to upgrade more tanks.



\$284M IN SAVINGS REPROGRAMMED

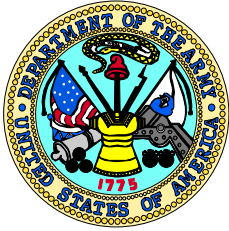
By accelerating production in early years, using excess capacity and reducing unit hardware costs by 15%, PM SINCGARS identified \$284M in program dollars which were used for other Army programs.



CONSOLIDATED CONTRACTING

IMPROVES EFFICIENCY AND REDUCES COSTS

FORSCOM is currently implementing a plan to consolidate contracting for all negotiated requirements over \$500,000 at four regional sites (Forts Bragg, Hood and Lewis and at the Army Atlanta Contracting Center). FORSCOM expects full implementation by 2001 and estimates savings of up \$35M **annually** after that date. Savings will result from personnel reductions and efficiencies associated with the improved quality of contracts. Savings will be reinvested to improve the mission support/quality of life at FORSCOM installations.



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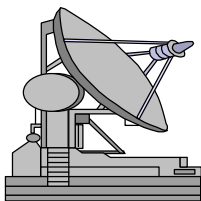
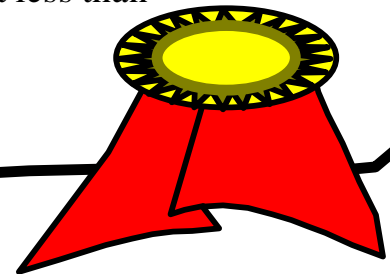


Issue 10

15 February 1996

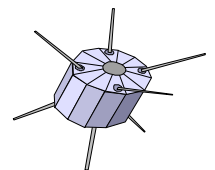
A SMART WAY OF DOING BUSINESS WITH SMART-T

The PM initially estimated program costs from low rate initial production thru full scale production at **\$790M**. With the use of competition, performance specs, Milspec reduction, partnering with industry, a failure-free warranty, reduced oversight and IPTs, the total program cost estimate at Milestone II dropped to **\$550M**. The continuation of these innovations resulted in the recent competitive award at Milestone III of a best value production contract priced at less than **\$250M!**



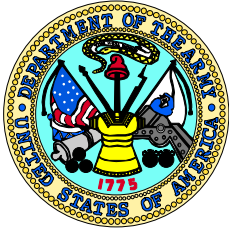
JSTARS ESTIMATES \$12M IN SAVINGS

The JSTARS PM estimates the program will save \$12M over the next eight years as the result of paperwork reduction: specifications were reduced down to 15 pages and the SOW to just three pages.



\$3.6M TO BE REINVESTED

The Abrams Eyesafe Laser Rangefinder expects savings from the use of performance specifications and a form, fit and function procurement package. The PM negotiated a new contract cost 30% lower than the previous contract. Savings will be reinvested in the Abrams and Bradley programs.



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Issue 11

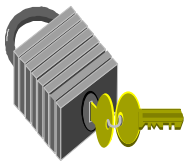
26 February 1996

UNIT COST REDUCED BY TWO THIRDS

PM Night Vision's efforts with the Driver's Vision Enhancer shows how acquisition streamlining can dramatically reduce unit price and total program costs. Relaxing non-critical performance requirements enabled bidders to propose multiple competing technical solutions which resulted in newer technology and a reduction in unit cost from \$49,000 to \$16,000. The end result is expected to be a \$114.8 M cost avoidance on Bradley M2A3 vehicles--a 69% reduction! POC: Mr. Ryan, (908) 532-6859, ryan@doim6.monmouth.army.mil

VEP REDUCES TESTING COSTS

TACOM-ARDEC recently approved a value engineering proposal that will reduce the number of reference shots required during M865 120mm Tank Ammunition acceptance tests from 30 to 10. The change is estimated to save up to \$10k per lot in cartridge costs; another \$30k in the cost of testing. POC: Mr. Cramond, (309) 782-7178, jcramond@ria-emh2.army.mil



50% IMPROVEMENT EXPECTED

CECOM's next generation lithium battery is being bought using a performance spec that allows bidders to propose any chemistry and uses various evaluated options to reduce battery operating and support costs. This 5-year procurement will employ direct vendor delivery to eliminate depot storage costs. POC: Mr. Gietter, (908) 532-6764, gietter@doim6.monmouth.army.mil



ARMY ACQUISITION REFORM



Issue 12

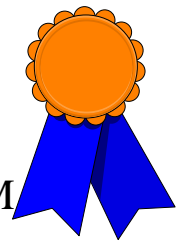
4 March 1996

THERMAL WEAPON SIGHT CUTS COSTS

Streamlining by the AN/PAS-13 PM included the use of a performance spec, reduced requirements for data submission, and transfer of government testing requirements to the contractor. This reduced non-recurring costs and lowered the unit price by 21% for the initial production contract. Overall program costs for this phase were reduced by 39% for a total cost savings of \$23.1M. POC: Mr. Ryan, (908) 532-6859, ryan@doim6.monmouth.army.mil

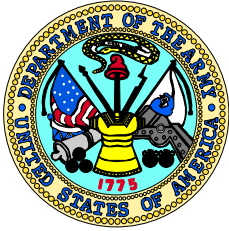
\$258M IN COST AVOIDANCE

PEO ASM's Breacher Program is demonstrating what can be done by treating cost as an independent variable. The PM/User/Contractor Team revised performance thresholds and facilitization requirements; modified systems requirements; streamlined testing; reduced oversight and plans to use multiyear procurement to reduce costs. \$258M in cost avoidance have been estimated over the program life with more changes under consideration. POC: LTC Kotchman, (810) 574-7687, kotchmad@cc.tacom.army.mil



REINVENTION LAB SAVES \$89k ANNUALLY

Current procedures require Defense Contract Management Command personnel to inspect ammunition lots at the contractor's plant, completing the ammunition data cards before shipping each lot. Hughes Missile Systems Company, a defense performance review reinvention lab, performs this function using their own quality assurance manager with subsequent periodic review by government personnel. Hughes estimates that this saves the government \$89k annually. Savings will be reapplied to related programs. POC: Mr. Davis, (703) 617-2536, mdavis@hqamc.army.mil



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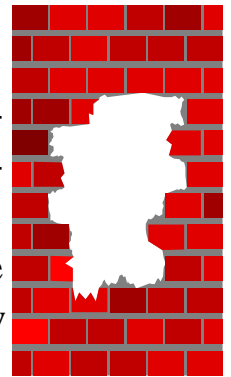
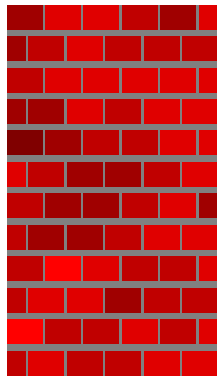


Issue 13

11 March 1996

PARTNERING TO SAVE DOLLARS

The COE is utilizing ad hoc design-build teams of contractors, government personnel and customers to gain greater efficiencies and reduce costs on environmental projects. Using this concept, Kansas City District recently completed an \$8.9M environmental remediation project at the former Schilling AFB. The work was completed 18 months early and 38% below the originally estimated costs.



STREAMLINED CONTRACTING SAVINGS

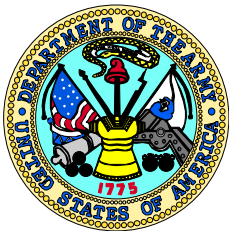
PEO ASM entered into a partnering agreement with TACOM and Texas Instruments to award an innovative development contract which treats cost as an independent variable and eliminates non-value added requirements. The **29 page contract** places greater responsibility on the contractor and gives them more control over their own performance with less direct government oversight. The contract makes extensive use of industry standards and electronic data interchange. The PEO estimates that \$20M in cost savings/avoidance will result.



BUY SMARTER -- PAY LESS

ATCOM competitively awarded a requirements contract to Cessna for up to 35 medium range corporate jets. The contract allowed companies to bid commercial-off-the-shelf, non-developmental items. Mil-Specs/StdS were replaced with standard commercial practices. The acquisition strategy considered both return on investment and cost of ownership. The best value source selection resulted in a unit cost (\$3.9M) 35% lower than the current commercial list price.

Questions? Contact Mr. Endicott, (703) 697-2542, endicotr@sarda.army.mil



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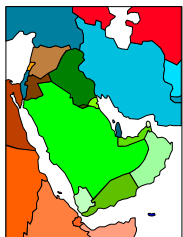


Issue 14

21 March 1996

MORE CONTRACT STREAMLINING

During Desert Storm, support for certain communications control facilities was provided by sole source contracts. ISC has competitively awarded follow-on contracts using innovative procedures, an electronic bulletin board, consolidated requirements and a performance-based statement of work that allowed bidders to propose alternative, innovative ways of doing business. A best value contract was later awarded for \$8.4M--55% below the initial government estimate.



WAIVER OF NEEDLESS OVERSIGHT SAVES \$\$\$

When DOD agreed to waive a FAR requirement to track low-cost government property, the RADFORD Army Ammunition Plant was able to negotiate a reduction in the price of its operating contract of \$123,000. This reduction represents the cost of the salaries of two personnel no longer needed and avoidance of the associated supervisory oversight no longer required.

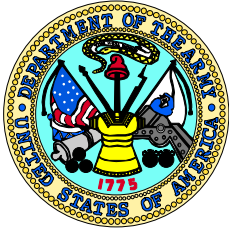
SECDEF APPROVES NEW DODD 5000 SERIES REGS

These regs incorporate the new acquisition streamlining measures enacted into law over the last two years and are available over the internet at <http://www.acq.osd.mil/api/asm>.

ACQUISITION STREAMLINING AVOIDS \$133M INCREASE

A Black Hawk IPT focused on commercializing its Multiyear V RFP to allow the contractor to reduce costs. The IPT approved 25 of 29 commercialization proposals submitted by Sikorsky, eliminated 197 Milspecs/Std, eliminated 39 data items and reduced the content of 30 more. Consequently, Sikorsky was able to offer 36 aircraft in FY97 for near the 60 aircraft-per-year price. Using standard government practices, the PM estimates that Sikorsky's price could have been \$133M higher over the same period.

Questions? Contact Mr. Endicott, (703) 697-2542, endicotr@sarda.army.mil



ARMY ACQUISITION REFORM



Issue 15

2 April 1996



TACOM TARGETS HELP FOR SMALL BUSINESS

TACOM's Warren Acquisition Center has started a pilot demonstration project to prove that electronic commerce and electronic data interchange will work for services and 8A awards. They intend to use basic ordering agreements to provide for various logistics services required by the Abrams Tank and related programs. A 70% to 80% reduction in procurement lead time is expected to result.



PEO IEW REPORTS FAAD GBS SAVINGS

A contract awarded using "old way" procedures has been scrubbed to eliminate MIL SPECS/StdS and reduce contract deliverables by over 60%. Remaining deliverables have been modified to accept existing contractor formats. These efforts resulted in \$450K of cost savings which allowed for the upgrade of an essential radar test bed. Program risk has been reduced, ensuring that production and fielding schedules can be met.

DOD AR NEWS LETTER & BULLETIN NOW AVAILABLE

The ODUSD (AR) has established both a news letter (AR Today) and an electronic news bulletin (AR Now) to expedite the communication of acquisition reform news items and success stories. If you would like to receive your own electronic and paper copies, call 1 (800) 811-4869 for more information.

Questions? Contact Mr. Endicott, (703) 697-2542, endicotr@sarda.army.mil



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Issue 16

10 April 1996

CONTRACTING PERSONNEL HONORED



At the NCMA World Congress in March 1996, Debra Parra, U.S. Army Information Systems Command and Catherine Deutsch, Defense Supply Service-Washington (DSS-W) were honored as the first and third place recipients respectively of the Blanche Witte award for their outstanding achievements in contract management.



TRADOC SCRUBS CONTRACTS TO REVIEW REQUIREMENTS

TRADOC has scrubbed all existing contracts and pending solicitations to perform a detailed review of all requirements in order to identify any that overstate minimal needs. Focusing primarily on contracts over \$100K, TRADOC identified requirements which could be reduced or eliminated entirely, resulting in future cost savings and avoidances estimated at \$19.3M. These funds have been shifted to other operational needs.

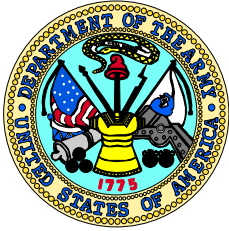
MEDCOM CUTS COST BY CONSOLIDATING REQUIREMENTS

In the past, each Medical Treatment Facility (MTF) has either leased or purchased all of the equipment and chemicals required for the conduct of various types of chemistry tests. Recently, the South East Health Service Support Area has changed its way of doing business and awarded a consolidated service contract for use by each of its nine MTFs. As the result, the average cost for each test performed (based on cost per reportable), has been reduced by 87% from 97 cents to 13 cents. MEDCOM estimates annual savings of \$4.3M over the life cycle of the new contract.

BACK COPIES AVAILABLE ONLINE

All past and current issues of the Army Acquisition Reform "Good News" bulletin are available online and can be accessed through the "SARDA" homepage at <http://www.sarda.army.mil/sard-zp/zpacqltr.htm>.

Questions? Contact Mrs. Sumpter, (703) 697-2542, sumpterd@sarda.army.mil



ARMY ACQUISITION REFORM



Issue 17

18 April 1996

ACQUISITION TEAM REDUCES CYCLE TIME

PEO-ASM, ACALA, ARDEC, and Texas Instruments were members of a team formed to scrub the Statement of Work (SOW), develop the proposal, and evaluate and negotiate the \$1M System Technical Services (STS) contract for the Commander's Independent Thermal Viewer (CITV). Partnering and streamlining were keys to the team reducing the contract award cycle time from two months to two days.

PROGRAM MANAGERS OF THE YEAR



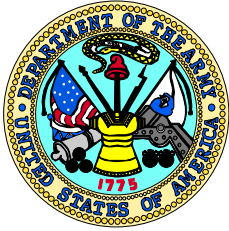
The Army has recognized the following Program/Product Managers for their 1995-96 outstanding achievements: COL Robert E. Armbruster, Jr. (Close Combat Anti-Armor Weapon System), LTC Robert T. Gunning (Longbow-Apache), and LTC James R. Moran (Extended Air Defense Command and Control).



NEW METHOD FOR CONDUCTING PMRs

The Contract Support Agency has developed a new format for conducting Procurement Management Reviews (PMRs) to gain a first hand look on how Acquisition Reform (AR) is being implemented Army wide. The new format provides visibility and follow up on AR initiatives such as the Purchase Card Program, Past Performance, Best Value Source Selections, Electronic Commerce/Electronic Data Interchange/Federal Acquisition Computer Network (EC/EDI/FACNET), Acquisition and Administrative Lead Time Reductions, Performance Based Service Contracts, Commercial Practices, Integrated Process/Product Teams, and Partnering. For more information, contact Wayne Hardin, (703) 681-9100, hardinw@sarda.army.mil

Questions? Contact Mrs. Sumpter, (703) 697-2542, sumpterd@sarda.army.mil



ARMY ACQUISITION REFORM



Issue 18

25 April 1996

TACOM/UDLP ACQUISITION STREAMLINING TASK FORCE

TACOM, together with PEO FAS and PEO ASM, have joined together and worked with the United Defense Limited Partnership (UDLP) to achieve common quality processes at its facilities in Pennsylvania, Alabama, California, and South Carolina. This partnering effort has expanded from achieving common quality processes to achieving single process initiatives through Partnership Councils established for each initiative. For example, the Quality Partnership Council - the oldest of the Councils - has fostered 13 individual teams, and eight of which have final proposals in process with preliminary savings/cost avoidance estimated at \$8M. Other council achievements include time savings in various areas.

DOL WAGE RATES ON-LINE

Under an MOU that Dr. Oscar signed with DOL, Service Contract Act (and Davis-Bacon Act) wage rates (updated weekly) will be available on-line and can be accessed through the "SARDA" WWW homepage (<http://www.sarda.army.mil/sard-zp/sardzp.htm>). This will allow immediate access to wage rates (as opposed to mail to and from DOL), to those offices with Internet access. Under the MOU, certified training is required. Information on training and certification will be disseminated to all HCAs (by 30 April) and available on the SARDA homepage (NLT 10 May). Point of Contact is SARDA Labor Advisor, MAJ Natalie Griffin, 703-693-4071, DSN 223-4071.

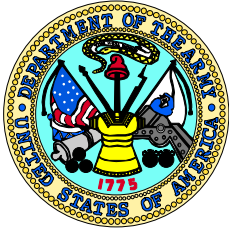
CECOM CONDUCTS OSCR

CECOM submitted 10 program proposals totaling an investment of \$16M and a potential life cycle savings of \$131M to HQ AMC in response to their data call for Operating and Support Cost Reduction (OSCR) Defense Business Operating Fund (DBOF) Initiative Programs. An additional six programs which will be funded locally have also been identified. These programs totaled \$0.24M and \$2.3M in potential savings.

USE OF TERC CONTRACTING METHODS

The Corps of Engineers (COE) Total Environmental Restoration Contract (TERC) style contracts take advantage of a contractor being under contract and available to perform on any work with an established team of pre-qualified and experienced personnel familiar with customer standards, personnel, and procedures. The use of TERC style contracting methods rather than standard contracting methods has demonstrated advantages in terms of efficient planning and utilization of resources, minimizes down time, eliminates turnover, no procurement or engineering delays, and reduces overall project cost. The COE customers are experiencing 18-33% cost and 50% time reductions.

Questions? Contact Mrs. Sumpter (703) 697-2542, sumpterd@sarda.army.mil



ARMY ACQUISITION REFORM

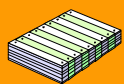


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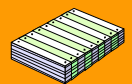
2 May 1996

STREAMLINING REPAIR PARTS CONTRACT

MICOM successfully used a team effort involving contractors, buying personnel, item management, and personnel of Anniston Army Depot to award a contract for Night Window Assemblies for the Bradley Fighting Vehicle System. The solicitation included incremental quantity, delivery evaluation factor provisions, best value source selection, and option provisions for three years. This contract has an immediate cost avoidance of approx. \$900K and a potential of approx. \$1.5M. In addition, there is a reduction of administrative lead time for future requirements (approx. 30 days), avoidance of production lead time growth due to the issue of scarce resources, and avoidance of the environmental impact of disposal of low-level radioactive waste.



TEMPO Standardized Automated Army Contracting System (TSAACONS)



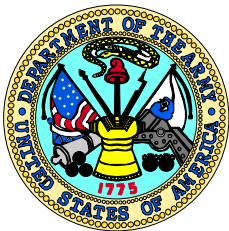
The Defense Supply Service-Washington uses an automated contracting system, SAACONS, and has created a separate database designed specifically for the Telecommunications Modernization (TEMPO) contract. TSAACONS allows the Contract Specialist to process electronically an increased number of requisitions and reduces the lead time for an average requisition from 20 to 9 days.

PERSONAL SERVICES CONTRACTS

The USA Medical Command (MEDCOM) implemented the Congressional statute to increase the individual compensation ceilings, and develop the policy, and procedures to allow for Personal Service Contracts to be awarded to individual health care providers under the new simplified procedures. These simplified procedures reduce the cycle time from 150+ days to 68 days allowing for direct interviews and negotiations with the individual health care provider. The estimated \$1.2M annual savings have allowed the MEDCOM to contract for additional health care providers, thereby maintaining the level of care.



Questions? Contact Mrs. Sumpter, (703) 697-2542, sumpter@sarda.army.mil



ARMY ACQUISITION REFORM



Issue 20


9 May 1996

SMART-T EXCELLENCE IN ACQUISITION



The Secretary of Defense William J. Perry presented the David Packard Excellence in Acquisition award to an Integrated Product Team (IPT) of the Secure Mobile Anti-Jam Reliable Tactical Terminal (SMART-T) program at an awards ceremony 3 May 1996 which recognized the six best DoD acquisition IPTs. The program was initially estimated to cost about \$660M to produce, but after applying a series of acquisition initiatives, including further contract competition and a stable funding offer, a production contract was awarded earlier this fiscal year for \$250M.

STAND-DOWN-ACQUISITION REFORM ACCELERATION DAY

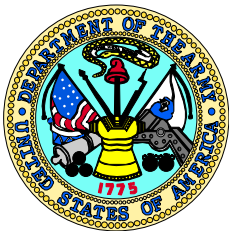
May 31, 1996 has been designated as  the Acquisition Reform Acceleration Stand-Down Day by Dr. Kaminski, Under Secretary of Defense (Acquisition and Technology). Throughout the Defense Department, acquisition personnel will cease normal operations on this day. The entire chain of command will dedicate this day to increasing awareness of our acquisition reform initiatives and discussing how best to accelerate their implementation. Points of Contact are Ms. Susan Erwin, (703) 681-9292 and Mr. Ronald Endicott, (703) 695-5830.



PLS TO SAVE OVER 5 MILLION DOLLARS

The Palletized Loading System (PLS) expects to achieve over \$5M in cost savings by eliminating three color camouflage painting of flatracks that carry cargo. PLS estimates a cost reduction of nearly \$400 per flatrack, enabling the Army to partially offset the funding shortfall in its total requirements for flatracks.

Questions? Contact Mrs. Sumpter, (703) 697-2542, sumpter@sarda.army.mil



ARMY ACQUISITION REFORM



Issue 21

16 May 1996

ACQUISITION REFORM COST REDUCTION SUMMARY

Dr. Kaminski, Under Secretary of Defense (Acquisition and Technology) is expanding the DoD data base of cost reduction information. Many, including the Congress, continue to ask for examples of Acquisition Reform initiatives and quantification of efficiency gains. This database is a means of providing an answer for those programs and procedural successes documented using consistent methodology across the services that is both credible and verifiable.

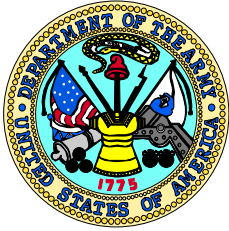
Mr. Decker, Assistant Secretary of the Army (RDA) recently reported data submitted by Army Program Executive Officers (PEOs) on Army Category I (ACAT I) programs. The net for ACAT I programs is **\$5.1B for savings and \$1.1B for avoidance**s. Cost savings are defined as reductions from an approved baseline that result in a program funds being recouped or used elsewhere in the program. Cost avoidances are defined as reductions resulting in avoidance of costs that were not budgeted.

TOP 5 ACAT I ACQUISITION REFORM SAVINGS

JAVELIN	\$1.4B Savings/\$127M Avoidance
Longbow Apache	\$1.0B Savings
Longbow Hellfire	\$870M Savings
ABRAMS	\$508M Savings/\$236M Avoidance
SMART-T	\$410M Savings/\$130M Avoidance

Major Commands (MACOMs) and PEOs are submitting cost reduction data on non-ACAT I programs. Data from these additional submissions will be reported shortly.

Questions? Contact Mrs. Sumpter (703) 697-2542, sumpter@sarda.army.mil



ARMY ACQUISITION REFORM



Issue 22

23 May 1996

“CLIFF’S NOTES” for STAND-DOWN DAY

SARDA has developed and distributed to each MACOM an “Acquisition Acceleration Day Focus Package” intended to facilitate preparation for Stand-Down Day on 31 May 96. This package contains what has been described as a “Cliff’s Notes” of acquisition reform and should be useful in helping the acquisition workforce contribute in a more meaningful way to the day-long activities that are planned. In a condensed format, it includes major acquisition reform policy documents, as well as reports and fact sheets which summarize key points of related legislation and implementing actions taken by the Army. Ask your boss about getting you a copy.



FSCATT SUCCESS WITH MILESTONE BILLINGS



The Fire Support Combined Arms Tactical Trainer (FSCATT), a Defense Acquisition Pilot Program (DAPP), is expected to significantly reduce contract administration costs through its innovative, commercial-style milestone billing structure. Totally different from conventional DOD contracts, this unique structure provides for specific government controls and disbursement points directly related to contractor performance. There are no progress payments and the contractor is paid by successfully passing performance milestones, which reduces contract financing costs. Additionally, milestone billings provide the government with a focused tracking of disbursements which enables billings to be tracked directly to actual performance of exit criteria.



THAAD TO SAVE OVER 100 MILLION DOLLARS

The Theater High Altitude Area Defense (THAAD) system expects to achieve over \$100M in cost savings through implementation of acquisition reform initiatives such as the reduction of contract data requirements, minimizing military specifications and standards and optimizing commercial off the shelf and best business practices.

Questions? Contact LTC L. Hooks, (703) 697-2558, hooksl@sarda.army.mil



ARMY ACQUISITION REFORM



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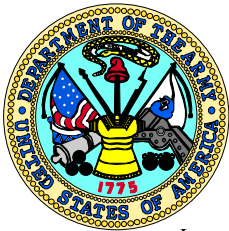
6 June 1996

EMPOWERING THE WORKFORCE

Following are actions the Army has taken to remove/lower approval thresholds, or to otherwise **"power down"** authority to the lowest level possible. These initiatives are contained in the Army Federal Acquisition Regulation Supplement (AFARS) effective 1 June 1996. The AFARS cite is behind each entry.

- The Principal Assistant Responsible for Contracting (PARC) can approve individual deviations to the Federal Acquisition Regulation (FAR), Defense Federal Acquisition Regulation Supplement (DFARS), and AFARS. (AFARS 1.403)
- Business clearance procedures no longer mandated -- may now be established by the Head of Contracting Activity (HCA). (AFARS 1.602-1)
- Legal reviews no longer dictated by dollar thresholds. HCA establishes procedures (AFARS 1.602)
- Dollar thresholds for authority to approve ratifications have been raised. (AFARS 1.602-3)
- Justification and Approval (J&A) format only mandatory at \$50 million and above. (AFARS 6.303-2-90)
- HCAs can now appoint Special Competition Advocates and their alternates. (AFARS 6-501)
- DASA(P) granted authority to HCAs to exempt alternate source contractor from essential performance warranty requirements until first ten percent anticipated total production quantity is manufactured for all items and the PEO grants exemption for PEO managed items. (AFARS 46.770-5)
- PARCs can approve use of "Four-Step" source selection procedures. (AFARS 15.613-70)
- PARCs are authorized to approve performance-based payments. (AFARS 32.1006)
- PARCs can approve the use of options that extend contracts beyond the five-year regulatory limit. (AFARS 17.204)
- The Agency Senior Procurement Executive can now waive cost accounting standards. (AFARS 30.201-5)

Questions? Contact LTC Hooks (703) 697-2558, hooksl@sarda.army.mil



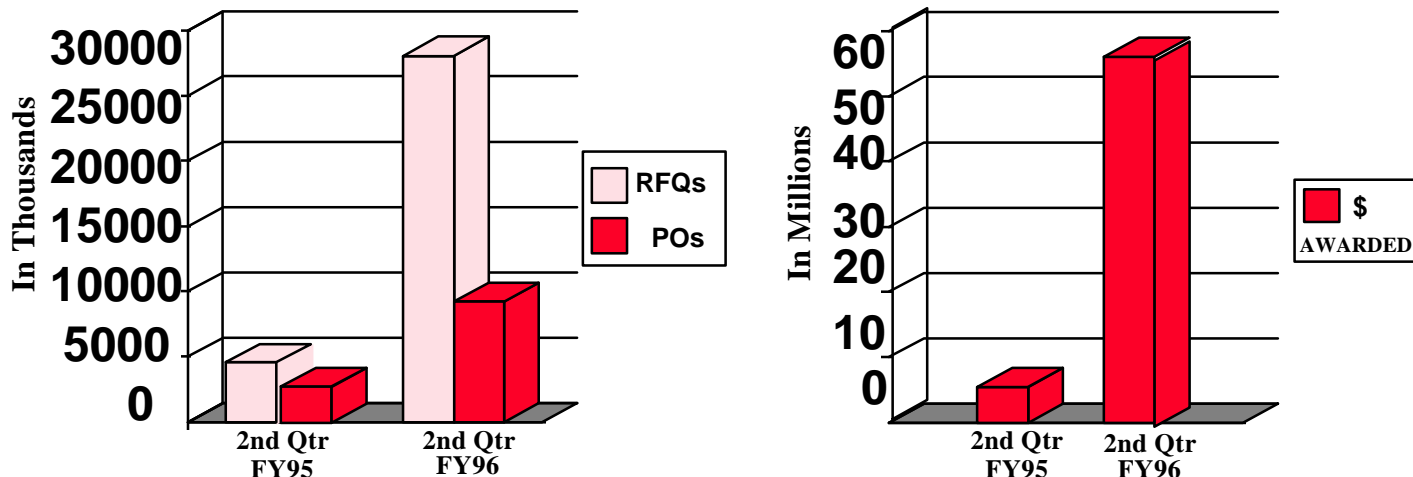
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ARMY ACQUISITION REFORM

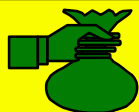


14 June 1996

FEDERAL ACQUISITION COMPUTER NETWORK (FACNET)



The Army has set some impressive trends for the use of the DOD FACNET. In July 1995, only 37 of the 210 sites were Interim FACNET certified. By April 1996, some 173 sites had been certified. The Army goal is to have all 210 sites certified by July 1996. The activities using FACNET produced some outstanding trends for transactions processed for request for quotes (RFQs), purchase orders (POs) and dollars awarded. The trends have been ones of consistent increases. The prospects for 3rd and 4th quarters of FY96 are equally promising. The success demonstrated by these numbers is attributed to the concerted effort of the contracting activities to maximize use of this new acquisition reform tool.



SSCOM TO SAVE OVER \$38 MILLION DOLLARS

The Soldier System Command (SSCOM) expects to achieve over \$38M in cost savings on the purchase of the Containerized Kitchen (CK) through implementation of acquisition reform initiatives, such as the use of integrated product teams, increased use of commercial hardware integrated with standard military items, combining milestones and reduction in testing costs by combining technical and operational testing.

Questions? Contact Ms. Miller, (703) 697-2558, miller@sarda.army.mil



Issue 25

ARMY ACQUISITION REFORM



28 June 1996



ALTERNATIVE DISPUTE RESOLUTIONS (ADR)

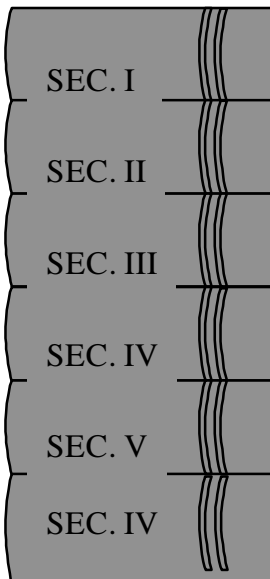
“PARTNERING”



Partnering, a dispute avoidance technique involving front-end team building and early discussions between the contractor and government of how to handle potential disagreements, has transformed federal construction projects from an adversarial process into one of cooperation and commitment towards common goals. The US Army Corps of Engineers Alternative Dispute Resolution and Partnering Program has reinvented processes to make significant strides in reversing an overwhelming flood of litigation. The Corps estimates that use of ADR and partnering has reduced pending contract claims 69% (1103 to 344) between 1986 and 1995 -- 34% between 1993 and 1995. ADR techniques have been used to resolve contract claims and appeals ranging from thousands of dollars to more than \$50M. Earlier this year, Vice President Core presented the Corps with a National Performance Review (NPR) Hammer Award for its use of ADR and partnering to reinvent government.

SIMPLIFYING

UNIFORM CONTRACT FORMAT



The Army and Air Force jointly propose to revise the Uniform Contract Format (the standardized format to structure government solicitations and contracts) to make it more “user friendly”. The new format, which consists of six sections, focuses on usefulness to customers at all levels, is more flexible, less piece-meal, and more logically organized. It clearly focuses on improvements that will effectively communicate contractual information and significantly reduce confusion and the need for extensive cross referencing. The joint service effort was initiated as a result of concerns expressed by industry for a shorter and simpler solicitation, an end to recycling clauses and sections, and reducing duplicative information. More information to follow as this initiative proceeds.



Issue 26

ARMY ACQUISITION REFORM



3 July 1996

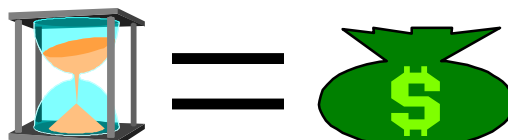
REINVENTION LABORATORY FOR ARMY XXI

On 1 July 1996, the Secretary of the Army approved the designation of Reinvention Laboratory for Army XXI Acquisition Reform. This Reinvention Laboratory is different from most in that the laboratory is *aprocess* -- not an organization. The purpose of the Reinvention Laboratory is to integrate the materiel successes of Force XXI, and specifically the results of the Advanced Warfighting Experiments (AWES) ending in the Spring 1997, with the best practices of acquisition reform to quickly and economically acquire the equipment necessary to field the first Army XXI Division by September 2000.



ALPHA CONTRACTING AT TACOM

Alpha Contracting is a technique that uses a team approach to prepare, evaluate, and award proposals in substantially less time than the traditional approach. The Alpha technique involves working with the contractor, DCAA, DCMC, PEO staff, and the contracting and pricing personnel to develop, evaluate, and negotiate in a more concurrent manner. Using this technique on the recent HEMMT-LVS vehicle family acquisition, TACOM reduced PALT (Procurement Administrative Leadtime) by 50%, saving approximately 120 days of cycle time. TACOM has used Alpha Contracting on other programs with great success. On the Improved Recovery Vehicle buy, PALT was reduced from 22 months to 4 months. Orders for the Responsive Urgent Services Handling (RUSH) project are being issued in under one month instead of the 5 to 7 months it normally takes.



Questions? Contact LTC Hooks, (703) 697-2558, hooks1@sarda.army.mil
or Ms. Dorine Miller, (703) 697-4382, miller@sarda.army.mil



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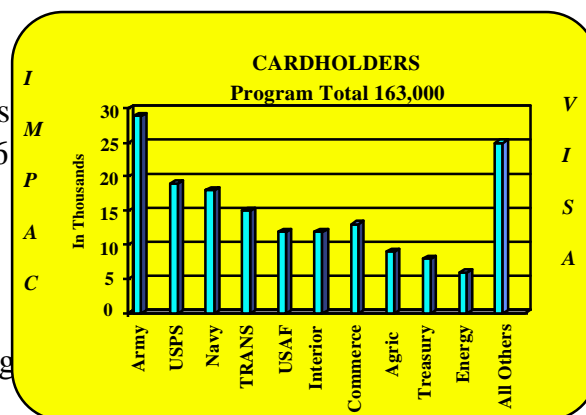
ARMY ACQUISITION REFORM



12 July 1996

ARMY IMPAC PROGRAM RECEIVES NATIONAL RECOGNITION IN ITS CHARGE TO THE "TOP"

The Army's International Merchant Purchase Authorization Card (IMPAC) Program was recognized as the largest in the Federal Government in the Spring 1996 issue of the Vice President Gore's Reinvention Roundtable Newsletter. This little piece of plastic is one of the Army's biggest weapons in making war on procurement costs, cutting red tape and eliminating delays. It's not the credit card alone that's revolutionizing the purchase system, but also who is using it. The Army performed 29% of the total Federal Government's sales in the program and has in excess of 28,000 cardholders.



ARMY EXCEEDS ONE MILLION IMPAC TRANSACTIONS

The IMPAC statistical report ending on June 29, 1996, credited the Army with 1,114, 414 credit card transactions. Using preliminary results of a recent AAA audit, a savings of \$80 results every time a credit card transaction takes the place of a purchase order. This means much as \$80 million may have been saved through the Army's use of the IMPAC card this fiscal year.

PROPERTY ACCOUNTABILITY THRESHOLD CHANGES

On 28 May 1996, Dr. John Hamre OSD Comptroller, issued policy changing the property accountability threshold for the DoD to "at least the dollar value of the micropurchase threshold (currently \$2500). This change will result in significant savings to the Army and DoD. This change is a result of one of the many initiatives recommended by the OSD Purchase Card IPT. Look for more streamlining initiatives as they are approved. Initiatives under review include bulk funding of cards, elimination of the priority for obtaining commercial items from local and DoD wholesale supply, elimination of prepurchase documentation and approvals and promoting the use of the card as a ordering/payment tool against blanket agreements up to \$25000.

Questions? Contact LTC Hooks, (703) 697-2558, hooksl@sarda.army.mil
or Ms. Dorine Miller, (703) 697-4382, miller@sarda.army.mil



Issue 28

ARMY ACQUISITION REFORM



19 July 1996



MEDCOM ESTIMATES SAVINGS OF \$4.3 MILLION



The Southeast Health Service Support Area (HSSA) has changed its way of doing business. The Southeast Contracting Center at Dwight David Eisenhower Army Medical Center awarded a regional consolidated service contract for use by each of its nine Medical Treatment Facilities (MFTs). In the past, each MFT either leased or purchased all the equipment and chemicals required for various types of chemistry tests. As a result of the consolidated service contract, cost for each test performed has been reduced by 87% (from 97 cents to 13 cents). The MEDCOM estimates annual savings of \$4.3 million over the five year life of the contract.



SAMPLE LOT TESTING REDUCTION PRODUCES \$ 750K SAVINGS

The Army Acquisition Reform Initiative of “Reducing Sample Lot Testing” has proven to be a valuable tool, by reducing non-value testing. By reducing unique Sample Lot Testing the Army can take advantage of commercial program testing; reduce the total testing requirement; and reduce redundancy in testing. Use of this initiative by TACOM saved \$400K on Bradley follow-on testing; \$150K on M107 tractor follow-on testing; and \$200K PLS follow-on testing.



UPDATE: STAND-DOWN ACQUISITION REFORM ACCELERATION DAY FEED BACK

On 6 June 1996, Mr. Decker signed a memorandum designating HQAMC as a collection point for Acquisition Day Feedback from HQAMC; AMC MSCs; all PEOs (less STAMIS); SSDC, and PM Chem Demil. This feedback information has been reviewed and summarized by subject matter experts at HQAMC. On 12 July 1996, the consolidated report, along with the original feedback information was forwarded by SARDA to the Defense Acquisition University.

Questions? Contact LTC Hooks, (703) 697-2558, hooksl@sarda.army.mil
or Ms. Dorine Miller, (703) 697-4382, miller@sarda.army.mil



Issue 29

ARMY ACQUISITION REFORM



2 August 1996



ACQUISITION REFORM INCENTIVES CLAUSE



Acquisition Reform is quickly becoming a major Army success story. As a result of acquisition reform, we have documented cost reductions of \$8.3 billion in sixty-eight systems programs. However, there are many not yet exploited opportunities for additional cost reductions through acquisition reform. The Deputy Assistant Secretary of the Army (Procurement) has issued an Acquisition Reform Incentives Clause, to be used to encourage contractors to submit Acquisition Cost Reduction Initiative (ACRI) proposals. This clause offers opportunities for sharing cost savings and compliments the hardware oriented Value Engineering Clause. The complete Acquisition Reform Incentives Clause can be found at... <http://acqnet.sarda.army.mil/> (Army Acquisition Newsletters Notes).

STREAMLINING USE OF IMPAC



In order to continue to reap benefits by the use of the IMPAC Card, US Army Garrison Aberdeen Proving Ground (USAGAPG) identified eighty-eight vendors who are awarded repetitive purchase orders and sent each vendor a "Acceptance of Clauses Certification" form. This form, once signed and accepted by the contractor, will allow buyers to place orders up to \$25,000 using their VISA IMPAC cards. This procedure will not only eliminate the time to process a written purchase order, but also reduces the administrative cost of payment and purchase order processing.



SSCOM SAVES \$2.2M ON MOUNTED WATER RATION HEATER (MWRH) PROCUREMENT

The SSCOM Natick Research, Development and Engineering Center (NRDEC) was tasked with either finding or developing a heating system for armored vehicles. A market investigation targeted a commercially available device, the MWRH, that would do the job. The alternative--developing a unique device specifically for the military--would have consumed considerable time and resources. By using a procurement strategy based on "performance specification" rather than a "detailed military designed specification" the NRDEC saved \$2.2M in research and development (R&D) costs.

Questions? Contact LTC Hooks, (703) 697-2558, hooks1@sarda.army.mil
or Ms. Dorine Miller, (703) 697-4382, miller@sarda.army.mil